



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

September 27, 2000

Doug Nielsen, Supervisor
Duchesne County Road Dept.
P.O. Box 356
Duchesne, Utah 84021

Re: Reclamation Surety and Reclamation Contract Forms, Duchesne County, Duchesne County
Asphalt Mine, M/047/028, Uintah County, Utah

Dear Mr. Nielsen:

Thank you for your prompt response to our August 29, 2000 letter. Unfortunately, we will need you to complete a new Reclamation Contract and Surety Bond form. The surety bond currently in place was prepared using our "Interim Surety Bond" form which was just a temporary measure. We will need to have a surety bond prepared using our standard form, therefore, the rider to the Interim Surety Bond is also not acceptable.

To assist you in finalizing the needed forms we have partially completed a Reclamation Contract and Surety Bond form for your use. Please keep a clean photo copy of these partially completed forms for use as a back-up copy in case of errors. Please complete these forms and return the original signed copies to us. Please complete the notarized signature pages according to the enclosed guidelines for completing the Reclamation Contract.

We are currently working on the public notice and executive summary needed to go to the tentative approval step. If you or your surety company have any questions prior to finalizing the forms, please contact me at (801) 538-5267, or Joelle Burns at (801) 538-5291.

Sincerely,

Anthony A. Gallegos
Senior Reclamation Specialist

jb

Enclosure: partially completed Reclamation Contract
& Surety Bond form, guideline for completing RC
O:\REVIEW\m47-28surety.let

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECLAMATION CONTRACT

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For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/047/028
(Mineral Mined) Tar Sands

"MINE LOCATION":
(Name of Mine) Duchesne County Asphalt Mine
(Description) Approximately 5.7 miles north of the
town of Whiterocks in Uintah County

"DISTURBED AREA":
(Disturbed Acres) 36.86 Acres
(Legal Description) (refer to Attachment "A")

"OPERATOR":
(Company or Name) Duchesne County
(Address) 174 North Center Street
Duchesne, Utah 84021
(435) 738-2468
(Phone) Fax (435) 738-5924

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

"OPERATOR'S OFFICER(S)":

"SURETY":

(Form of Surety - Attachment B)

Surety Bond

"SURETY COMPANY":

(Name, Policy or Acct. No.)

"SURETY AMOUNT":

(Escalated Dollars)

\$89,800.00

"ESCALATION YEAR":

2005

"STATE":

State of Utah

"DIVISION":

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Duchesne County the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/047/028 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated October 7, 1997, and the original Reclamation Plan dated October 7, 1997. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Duchesne County
Operator Name

By _____
Authorized Officer (Typed or Printed)

Authorized Officer - Position

Officer's Signature

*-SEE GUIDELINE
FOR COMPLETION
OF THIS SECTION*

STATE OF _____)
_____) ss:
COUNTY OF _____)

On the _____ day of _____, 20 _____, personally
appeared before me _____ who being
by me duly sworn did say that he/she, the said _____ is
the _____ of _____
and duly acknowledged that said instrument was signed on behalf of said company by
authority of its bylaws or a resolution of its board of directors and said
_____ duly acknowledged to me that said company
executed the same.

Notary Public
Residing at: _____

My Commission Expires:

DIVISION OF OIL, GAS AND MINING:

By _____
Lowell P. Braxton, Director

_____ Date

STATE OF _____)
COUNTY OF _____) ss:

On the _____ day of _____, 20 _____,
personally appeared before me _____, who being
duly sworn did say that he/she, the said _____
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he/she duly acknowledged to me that he/she executed the foregoing
document by authority of law on behalf of the State of Utah.

Notary Public
Residing at: _____

My Commission Expires:

ATTACHMENT "A"

Duchesne County
Operator

Duchesne County Asphalt Mine
Mine Name

M/047/028
Permit Number

Uintah County, Utah

The legal description of lands to be disturbed is:

Approximately 36.86 acres located within the:

W1/2 NW1/4 and NW1/4 SW1/4, Section 19

Township 2 North, Range 1 East

Uintah Special Meridian

ATTACHMENT B

FORM MR-5
January 19, 2000

Bond Number _____
Permit Number M/047/028
Mine Name Duchesne County
Asphalt Mine

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

THE MINED LAND RECLAMATION ACT

SURETY BOND

The undersigned Duchesne County, as Principal, and _____, as Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors, successors, and assigns, jointly and severally, unto the State of Utah, Division of Oil, Gas and Mining (Division) in the penal sum of Eighty Nine Thousand Eight Hundred and No/100 - - dollars (\$ 89,800.00).

Principal has estimated in the Mining and Reclamation Plan approved by the Division on the _____ day of _____, 20 ____, that 36.86 acres of land will be disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and Reclamation Plan and has faithfully performed all requirements of the Mined Land Reclamation Act, and complied with the Rules and Regulations adopted in accordance therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase in the area disturbed or the extent of disturbance, then, the Division may require that the amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the

expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

Duchesne County
Principal (Permittee)

By (Name typed):

Title

Signature

Date

Surety Company

Company Officer

Surety Company Address

Title/Position

City, State, Zip

Signature

Date

SO AGREED this _____ day of _____, 20 ____.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

Lowell P. Braxton, Director
Utah State Division of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

_____, 20 ____